

Message Text

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PASS STR FOR AMBASSADOR DENT FROM SMITH; GENEVA FOR PHELAN

E.O. 11652: GDS

TAGS: ETRD, JA

SUBJ: TEXTILES: MFA DISCUSSIONS WITH JAPAN

1. SUMMARY. DURING AUGUST 11 USG/GOJ DISCUSSIONS RE FUTURE OF MFA, MATSUDA OF FORMIN STATED THAT GOJ POSITION ON MFA RENEWAL WOULD DEPEND ON RECEIVING BY OCTOBER AN INDICATION FROM USG AS TO WHAT US POSITION WOULD BE ON TEXTILE TARIFF REDUCTIONS DURING MTN. SUCH LINKAGE EVOKED IMMEDIATE AND STRONG REACTION FROM USDEL, AND GOJDEL BACKED QUICKLY OFF. USDEL WAS LATER PRIVATELY TOLD BY TAKAHASHI (CHIEF GOJ TEXTILE NEGOTIATOR) TO IGNORE MATSUDA STATEMENT AND QUOTE NOT TO WORRY UNQUOTE. END SUMMARY.

2. OPENING DISCUSSION OF MFA RENEWAL, TAKAHASHI OF MITI STATED MITI STILL CONSIDERING MATTER AND THAT ITS POSITION WOULD BE RELATED TO RECOMMENDATIONS (EXPECTED IN OCTOBER) OF NEWLY CREATED COMMITTEE ON STRUCTURAL REORGANIZATION OF TEXTILE INDUSTRY. KURODA OF MITI AND MATSUDA RESPONDED TO USDEL INQUIRY THAT GOJ HAD TO DATE INTENTIONALLY AVOIDED BOTH FORMAL AND INFORMAL CONTACTS WITH LDC'S ON MFA QUESTION QUOTE IN ORDER TO AVOID AROUSING SUSPICION OF LDC'S UNQUOTE. ACCORDING TO KURODA, ALTHOUGH

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JAPAN BOTH AN IMPORTER AND EXPORTER OF TEXTILES, JAPANESE INTEREST

IN MFA AS IMPORTER WAS MORE QUOTE THEORETICAL UNQUOTE THAN REAL. MATSUDA CONCLUDED THAT GOJ INTENDED NOT RPT NOT TO TAKE POSITION ON MFA UNTIL NECESSARY, I.E., AS LATE AS POSSIBLE BEFORE DECEMBER TEXTILES COMMITTEE MEETING IN GENEVA.

3. USDEL RESPONDED THAT USG UNDERSTOOD BUT DID NOT AGREE WITH THIS GOJ POSITION. USG FELT THAT IT WAS INCUMBENT UPON MATURE DEVELOPED NATIONS, WHETHER IMPORTERS OR EXPORTERS, TO SEE TO IT THAT INTERNATIONAL TEXTILE TRADE DID NOT RPT NOT BECOME SUBJECT TO GREAT UNCERTAINTY FOR LACK OF LEADERSHIP. IF, AS GOJDEL HAD REPEATEDLY TOLD USDEL OVER PAST YEAR, GOJ WISHED TO BE TREATED BY USG AS MATURE TEXTILE PARTNER LIKE EC, THEN TH GOJ EQUALLY HAD TO TAKE THE RESPONSIBILITY OF SUCH MATURITY--AND PART OF THAT MATURITY MEANT PITCHING IN ON THE MFA. USG LOOKED FORWARD TO JAPAN PLAYING AN EQUAL ROLE WITH EC AND US IN OBTAINING MFA RENEWAL AND, INDEED, IF GOJ DID NOT, MFA RENEWAL EFFORTS WOULD RISK SERIOUS SLIPPAGE.

4. SHIFTING SOMEWHAT, KITAJIMA OF FONMIN STATED THAT LDC'S DURING NAIROBI UNCTAD HAD REFERRED TO TEXTILES IN CONTEXT OF MTN. USG SHOULD THEREFORE EXPECT LDC'S TO MAKE LINKAGE BETWEEN MFA AND MTN, AND FOR USG TO FAIL TO EXPLAIN ITS TEXTILE TARIFF INTENTIONS DURING OR PRIOR TO MFA DECEMBER TC MEETING WOULD ONLY GENERATE SUSPICION. MATSUDA THEN CHIMED IN THAT USG COULD EXPECT JAPAN TO TAKE A POSITION ON MFA RENEWAL, MOST LIKELY A POSITIVE POSITION IN USG EYES BUT GOJ NOT LIKELY TO BE QUOTE A BANNER BEARER UNQUOTE. MATSUDA CONTINUED THAT THE MOST IMPORTANT FACTOR IN GOJ ARRIVING AT POSITIVE POSITION WOULD BE USG INTENT WITH REGARD TO TEXTILE TARIFFS DURING MTN, INTENTIONS THE GOJ WOULD LIKE TO KNOW BY OCTOBER. IF THESE INDICATIONS WERE GIVEN QUOTE COOPERATION WOULD BE POSSIBLE UNQUOTE. MATSUDA CONCLUDED BY SAYING THAT BOTH JAPANESE INDUSTRY AND GOVERNMENT WERE INTERESTED IN SEEING US REDUCE ITS TEXTILE TARIFFS.

5. CHARIMAN USEEL RESPONDED SHARPLY THAT (A) USDEL NEITHER AUTHORIZED NOR PREPARED DISCUSS TARIFFS, THAT (B) TO BEST OF HIS KNOWLEDGE NO RPT NOT TEXTILE DECISION YET MADE NOR SHOULD JAPAN OR OTHERS EXPECT ONE BEFORE DECEMBER TEXTILES COMMITTEE MEETING AND THAT (C) MFA STANDS ON ITS OWN MERITS, MUST NOT BE LINKED TO MTN, AND THAT LINKAGE ATTEMPT COULD JEOPARDIZE MTN PROGRESS. CONFIDENTIAL

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USDEL CONTINUED THAT IT WAS MOST SURPRISED BY GOJ POSITION, THAT THIS WAS THE FIRST TIME IT HAD BEEN RAISED AND WE HOPED THE LAST. MATSUDA THEN CURIOUSLY CONCLUDED DISCUSSION BY SAYING USDEL REACTION WAS PRECISELY THE INDICATION OF USG POSITION HE HAD BEEN SEEKING TO HAVE BY OCTOBER.

6. COMMENT. LINKAGE OF MFA AND MTN BY GOJDEL WAS GREAT SURPRISE AND COMPLETELY INCONSISTENT WITH POSITION OF JAPANESE INDUSTRY

AS EXPRESSED TO SHOCKLEY LESS THAN 48 HOURS EARLIER. FURTHERMORE GOJ HAD NOT RPT NOT RAISED THIS IN EITHER OF THE TWO EARLIER EC/US/GOJ MEETINGS. INDEED, IN JUNE TRILATERAL, MEYNELL OF EC HAD SAID QUOTE POINTEDLY THAT MFA MUST BE KEPT COMPLETELY SEPARATE FROM MTN AND NEITHER GOJ FONMIN NOR MITI REPS DEMURRED. THIS WAS POINTED OUT TO MATSUDA. USDEL BELIEVES THAT GOJDEL MAY HAVE BEEN ATTEMPTING TO GET US TO COMMIT ITSELF ON TEXTILE TARIFF REDUCTION, PERHAPS TO USE WITH THEIR INDUSTRY OR PERHAPS TO USE IN ANALYSING IMPACT OF US TARIFF FORMULA. WHATEVER THE REASON, GOJDEL CAM OFF POSITION VERY QUICKLY IN FACE OF STRONG US REACTION, AT LEAST FOR PRESENT. HOWEVER, IT SHOULD NOT BE PRECLUDED THAT GOJ MAY FLOAT NOTION AGAIN DURING WASHINGTON TRI-LATERAL MEETING SEPTEMBER 9 AND 10.

7. AFTER CONCLUSION FINAL SESSION AUGUST 11, TAKAHASHI AND TWO OTHER MITI MEMBERS OF GOJDEL TOLD USDEL QUOTE NOT TO WORRY ABOUT MATSUDA'S STATEMENT UNQUOTE, THAT THIS WAS JUST QUOTE BUREAUCRATIC TALKING UNQUOTE. USDEL RESPONDED THAT WHILE THIS MIGHT BE SO, WE WERE NOT OVERJOYED BY THIS STATEMENT AND WE WERE DISAPPOINTED THAT GOJ STILL SEEMED RELUCTANT TO PLAY EQUAL ROLE WITH USG ON GAINING MFA RENEWAL. SUBSEQUENTLY, IN PRIVATE MEETING IN SMITH'S HOTEL ROOM, TAKAHASHI SAID WHILE GOJ HAD NOT OFFICIALLY WITHIN ITSELF MADE POLICY DECISION RE MFA RENEWAL, USG COULD COUNT ON GOJ AS IT RECOGNIZED NEED FOR CONTINUATION OF MFA. TAKAHASHI INDICATED THAT STANCE TAKEN DURING THE DAY WAS PARTLY DUE TO FACT GOJ TEXTILE TEAM WAS ALMOST ENTIRELY NEW AND THAT IT WAS STILL SORTING THINGS OUT. HE CONCLUDED BY SAYING THAT USG COULD BE ASSURED GOJ WOULD ACT RESPONSIBLY AND IN CONCERT WITH USG.

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